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Addendum StartPage: 0

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PETITION OF TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO.
12 APPEALING CHANGE OF
WHOLESALE WATER RATES
IMPLEMENTED BY WEST
TRAVIS COUNTY PUBLIC UTILITY
AGENCY, CITY OF BEE CAVE, TEXAS
HAYS COUNTY, TEXAS AND WEST
TRAVIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 5

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 12'S
SUPPLEMENTAL RESPONSES TO
WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY'S
FIRST REQUESTS FOR INFORMATION

COMES NOW Travis County Municipal Utility District No. 12 ("TCMUD 12 or District") and timely submits these Supplemental Responses to West Travis County Public Utility Agency's ("WTCPUA's") First Requests for Information ("RFIs") in accordance with P.U.C. PROC. R. 22.144(i).


WRITTEN RESPONSES

Attached hereto and incorporated herein by reference are TCMUD 12's supplemental written responses to the aforementioned RFIs. Each response is set forth on or attached to a separate page upon which the request has been restated. Such responses are made in the spirit of cooperation without waiving TCMUD 12's right to contest the admissibility of any such matters upon hearing. TCMUD 12 hereby stipulates that these responses may be treated by all parties exactly as if they were filed under oath.

Respectfully Submitted,

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**ATTORNEYS FOR TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 12**

CERTIFICATE OF SERVICE

I hereby certify that a on this 7th day of November a true and correct copy of the above and foregoing document is being served via electronic mail, facsimile, U.S. mail and/or hand delivery to all parties of record.


Miguel A. Huerta

QUESTION NO. 1-2

What do you contend is the rate methodology used by the PUA to compute the wholesale water treatment service rates adopted in the 2012 Rate Order? Provide a detailed explanation for your contention and the basis thereof.

TCMUD 12'S ORIGINAL RESPONSE:

TCMUD 12 assumes the phrase "wholesale water treatment service rates" means the "Monthly Charge" and the "Volume Rate" as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement, and also means "Minimum Bill" and "Volumetric Rate" as those terms are used in the PUA's 2012 and 2013 Rate Orders.

The 2012 Rate Order (Attachment A) adopted an across the board 15.5% increase to the "Monthly Charge" (or "Minimum Bill") and the "Volume Rate" (or "Volumetric Rate") applied to the rates set by LCRA prior to the PUA's acquisition of the West Travis County System.

TCMUD 12 has not completed analysis of the PUA's responses to discovery and so may supplement this response at the time of the filing of its direct case on October 31, 2014.

TCMUD 12'S SUPPLEMENTAL RESPONSE:

In the direct testimony of Jay Joyce filed October 31, 2014, the rate methodology TCMUD 12 contends was used by the PUA to compute the Monthly Charge and the Volume Rate as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement (the "Minimum Bill" and "Volumetric Rate," respectively, as those terms are used in the PUA's 2012 Rate Order) is explained by Mr. Joyce in Sections III, IV, and V of his direct testimony.

QUESTION NO. 1-3

What do you contend is the rate methodology used by the PUA to compute the wholesale water treatment service rates adopted in the 2013 Rate Order? Provide a detailed explanation for your contention and the basis thereof.

TCMUD 12'S ORIGINAL RESPONSE:

TCMUD 12 assumes the phrase "wholesale water treatment service rates" means the "Monthly Charge" and the "Volume Rate" as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement, and also means "Minimum Bill" and "Volumetric Rate" as those terms are used in the PUA's 2012 and 2013 Rate Orders.

The PUA's consultant, Nelissa Heddin, refers in her FYE2014 Wholesale Customer Minimum Bill Analysis to the "proposed new methodology" (*See e.g.*, WTCPUA 00008855) and to the "proposed methodology" (*See e.g.*, WTCPUA 00008860), which evidences the PUA's position that the 2013 Rate Order reflected a change in rate methodology. TCMUD 12 has not completed analysis of the PUA's responses to discovery and so may supplement this response at the time of the filing of its direct case on October 31, 2014.

TCMUD 12'S SUPPLEMENTAL RESPONSE:

In the direct testimony of Jay Joyce filed October 31, 2014, the rate methodology TCMUD 12 contends was used by the PUA to compute the Monthly Charge and the Volume Rate as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement (the "Minimum Bill" and "Volumetric Rate," respectively, as those terms are used in the PUA's 2013 Rate Order) is explained by Mr. Joyce in Sections III, IV, and V of his direct testimony.

QUESTION NO. 1-5

Describe and explain what is a monopoly.

TCMUD 12'S ORIGINAL RESPONSE:

In the economics literature, a monopoly is a market structure within which one producer (or a group of producers acting in concert) exercises exclusive control over all, or nearly all, of a supply of a good or service in a certain area or market, and where there are formidable barriers to entry. As stated in Water Code 13.001(b) "retail public utilities are by definition monopolies in the area they serve."

TCMUD 12'S SUPPLEMENTAL RESPONSE:

In addition, Dr. Zarnikau expands on this definition and explains the economic theory behind his definition and its application to the current case on pages 6 through 13 of his direct testimony.

QUESTION NO. 1-6

Explain how the wholesale water treatment service rates charged by the PUA to MUD 12, adopted by the PUA in the 2013 Rate Order, have impaired MUD 12's financial and/or operational abilities to continue providing water service to MUD 12's customers after November 21, 2013, if any.

TCMUD 12'S RESPONSE:

TCMUD 12 assumes the phrase "wholesale water treatment service rates" means the "Monthly Charge" and the "Volume Rate" as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement, and also means "Minimum Bill" and "Volumetric Rate" as those terms are used in the PUA's 2012 and 2013 Rate Orders.

TCMUD 12 is in the process of formulating its prefiled testimony which is due on October 31, 2014, and by that date will have a response to this RFI.

TCMUD 12's SUPPLEMENTAL RESPONSE:

The Monthly Charge and Volume Rate charged by the WTCPUA to TCMUD 12 under the 2013 Rate Order have not impaired TCMUD 12's financial and/or operational abilities to continue providing water service to TCMUD 12's customers from November 21, 2013 through today.

QUESTION NO. 1-8

Describe and explain the disparate bargaining power between the PUA and MUD 12, experienced by MUD 12, regarding the provision of wholesale water treatment services by the PUA to MUD 12 between November 15, 2012 and March 6, 2014, if any.

TCMUD 12'S RESPONSE:

TCMUD 12 assumes the phrase "wholesale water treatment service" means "wholesale water services" as defined in Article I of the Wholesale Water Services Agreement Between LCRA and TCMUD 12, which is as follows: "the diversion of raw water from the Colorado River, the transmission of the raw water to a place or places of treatment, the treatment of the water into potable form and the transmission of the potable water to the Delivery Point."

TCMUD 12 is in the process of formulating its prefiled testimony which is due on October 31, 2014, and by that date will have a response to this RFI.

TCMUD 12'S SUPPLEMENTAL RESPONSE:

TCMUD 12's additional response to this RFI is found in the October 31, 2014 direct testimony of Joseph A. DiQuinzio at pages 15 through 16 and the direct testimony of Jay Joyce at pages 22 through 26 and accompanying exhibits.

QUESTION NO. 1-9

Describe and explain how the PUA's wholesale water treatment service rate methodology used for calculating the PUA's wholesale water treatment rates charged to MUD 12 changed between the 2012 Rate Order and the 2013 Rate Order, if any.

TCMUD 12'S RESPONSE:

TCMUD 12 assumes the phrase "wholesale water treatment service rates" means the "Monthly Charge" and the "Volume Rate" as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement, and also means "Minimum Bill" and "Volumetric Rate" as those terms are used in the PUA's 2012 and 2013 Rate Orders.

The PUA's consultant, Nelissa Heddin, refers in her FYE2014 Wholesale Customer Minimum Bill Analysis to the "proposed new methodology" (*see e.g.*, WTCPUA 00008855) and to the "proposed methodology" (*see e.g.*, WTCPUA 00008860), which evidences the PUA's position that the 2013 Rate Order reflected a change in rate methodology. TCMUD 12 has not completed analysis of the PUA's responses to discovery and so may supplement this response at the time of the filing of its direct case on October 31, 2014.

TCMUD 12'S SUPPLEMENTAL RESPONSE:

See direct testimony of Jay Joyce filed on October 31, 2014, at pp. 6-26 and accompanying exhibits.

QUESTION NO. 1-11

Describe and explain how the wholesale water treatment service rate methodology that the PUA utilized to compute the wholesale water treatment service rates adopted by the PUA in the 2013 Rate Order is prejudicial, preferential, or discriminatory to MUD 12, as compared to the wholesale water treatment service rates adopted by the PUA in the 2013 Rate Order for the PUA's other wholesale water treatment customers listed in the 2013 Rate Order, if any.

TCMUD 12'S RESPONSE:

TCMUD 12 assumes the phrase "wholesale water treatment service rates" means the "Monthly Charge" and the "Volume Rate" as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement, and also means "Minimum Bill" and "Volumetric Rate" as those terms are used in the PUA's 2012 and 2013 Rate Orders.

TCMUD 12 is in the process of formulating its prefiled testimony which is due on October 31, 2014, and by that date will have a response to this RFI.

TCMUD 12'S SUPPLEMENTAL RESPONSE:

At this time, TCMUD 12 is not aware of how the methodology used by the PUA to compute the Monthly Charge and the Volume Rate adopted by the PUA in the 2013 Rate Order is prejudicial, preferential, or discriminatory to MUD 12, as compared to the Monthly Charge and the Volume Rate adopted by the PUA in the 2013 Rate Order for the PUA's other wholesale water services customers listed in the 2013 Rate Order.

QUESTION NO. 1-13

Describe and explain the disparate bargaining power between the PUA and MUD 12, experienced by MUD 12, regarding the calculation and determination of wholesale water treatment service rates by the PUA to MUD 12 between November 15, 2012 and March 6, 2014, if any.

TCMUD 12'S RESPONSE:

TCMUD 12 assumes the phrase "wholesale water treatment service rates" means the "Monthly Charge" and the "Volume Rate" as those terms are defined in the LCRA-TCMUD 12 Wholesale Water Services Agreement, and also means "Minimum Bill" and "Volumetric Rate" as those terms are used in the PUA's 2012 and 2013 Rate Orders.

TCMUD 12 is in the process of formulating its prefiled testimony which is due on October 31, 2014, and by that date will have a response to this RFI.

TCMUD 12'S SUPPLEMENTAL RESPONSE:

See direct testimony of Jay Joyce filed on October 31, 2014, at pp. 22-26 and accompanying exhibits. See also, the direct testimony of Joseph A. DiQuinzio, pages 15 through 16.